



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	SB0069	Title:	Increase the quality educator payment
Primary Sponsor:	Branae, Gary	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$20,338,987	\$41,224,203	\$41,224,203	\$41,224,203
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$20,338,987)</u>	<u>(\$41,224,203)</u>	<u>(\$41,224,203)</u>	<u>(\$41,224,203)</u>

Description of fiscal impact: SB 69 increases state support for school district general fund budgets by \$61.56 million in the 2011 biennium. The proposed increase in the quality educator payment is funded with state general fund dollars and does not impact local property taxes.

FISCAL ANALYSIS

Assumptions:

- The number of FTE generating the quality educator payment is estimated to be:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
FTE Count	12,590	12,590	12,590	12,590	12,590

- SB 69 increases the quality educator payment in 20-9-327, MCA, as follows:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Quality Educator Payment (per FTE)	\$3,042	\$4,600	\$6,200	\$6,200	\$6,200

3. The increased retirement expense is estimated by determining the amount of increase in the BASE budget, multiplying times the percentage of the general fund budget that is typically salaries (75% salaries) to get the increased salaries associated with this bill.
4. Estimated benefit rate is 15% based upon FY 2008 employer contribution rates:

	<u>Certified Staff</u>	<u>Classified Staff</u>
TRS	7.47%	
PERS		6.90%
FICA	6.20%	6.20%
Medicare	1.45%	1.45%
Unemployment	0.02%	0.02%
Totals	15.14%	14.57%

5. Based on budget data from FY 2008, on the marginal, the state pays retirement guaranteed tax base aid (GTB) of approximately 28% of countywide retirement tax levy.
6. Estimated cost to the state and county for teacher retirement:

<u>Fiscal Year</u>	<u>Estimated Additional Salaries</u>	<u>Estimated Benefit Rate</u>	<u>Retirement Cost</u>	<u>State Share</u>	<u>County Share</u>
2010	\$14,711,415	15%	\$2,206,712	\$617,879	\$1,588,833
2011	\$29,819,415	15%	\$4,472,912	\$1,252,415	\$3,220,497
2012	\$29,819,415	15%	\$4,472,912	\$1,252,415	\$3,220,497
2013	\$29,819,415	15%	\$4,472,912	\$1,252,415	\$3,220,497

7. It is estimated that retirement GTB costs will increase by \$0.62 million in FY 2010 and by \$1.25 million in FY 2011.

Montana School for the Deaf and Blind, Corrections, and Department of Military Affairs

8. SB 69 increases the quality educator component which would facilitate increases each year for the Montana School for the Deaf and Blind, Corrections at Pine Hills and Riverside, and Department of Military Affairs for the Montana Youth Challenge Program. The increase is \$1,558 per FTE in FY 2010 and \$3,158 per FTE in FY 2011.

	<u>FTE</u>	<u>FY 2010 Increased Educator Payment (Including applicable retirement)</u>	<u>FY 2011 Increased Educator Payment (Including applicable retirement)</u>
MSDB	41.1	\$64,034	\$129,794
Corrections	20.2	\$31,532	\$63,915
MT Youth Challenge	<u>5.0</u>	<u>\$7,790</u>	<u>\$15,790</u>
Total	66.3	\$103,356	\$209,499

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Local Assistance (Per Educator)	\$19,615,742	\$39,760,278	\$39,760,278	\$39,760,278
Local Assistance (Retirement GTB)	\$617,879	\$1,252,415	\$1,252,415	\$1,252,415
Personal Services (MSDB, Corrections, Military Affairs)	\$105,366	\$211,510	\$211,510	\$211,510
TOTAL Expenditures	<u>\$20,338,987</u>	<u>\$41,224,203</u>	<u>\$41,224,203</u>	<u>\$41,224,203</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$20,338,987	\$41,224,203	\$41,224,203	\$41,224,203
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$20,338,987)	(\$41,224,203)	(\$41,224,203)	(\$41,224,203)

Effect on County or Other Local Revenues or Expenditures:

The increases to the quality educator payment, is fully funded by the state. However, the increase in this payment may increase county retirement fund taxes by \$1.6 million in FY 2010 and \$3.2 million in FY 2011 and beyond.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date